

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1899 - SB 1938**

February 8, 2016

**SUMMARY OF BILL:** Extends the temporary \$0.50 per barrel of beer tax and the temporary 0.4 percent tax on gross receipts of bottled soft drink sales, for an additional six years to July 1, 2022, or to July 1 of any year following the enactment of any state or federal law that imposes mandatory deposits by consumers on beverage containers sold in this state, whichever occurs first.

**ESTIMATED FISCAL IMPACT:**

**State Revenue – Not Significant**

**Other Fiscal Impact – Passage of this bill will allow for the continued collection of a temporary tax first enacted in 1981, which has been extended approximately every six years since, for the purpose of generating funding for programs related to the prevention and collection of litter. This proposed tax extension will prevent a recurring decrease in revenue to the Highway Fund of approximately \$4,872,400 for FY16-17 through FY21-22.**

**Assumptions:**

- Public Chapter 307 of the Public Acts of 1981 was the original law enacted to generate revenue to be allocated to the Highway Fund for the purpose of funding programs for the prevention and collection of litter.
- Since enactment of such law, a bill such as this has passed approximately every six years to extend the tax on bottlers and manufacturers of soft drinks and storage, sales, distribution, or manufacture of beer needed to sustain funding for the litter control programs in Tennessee.
- According to the Department of Revenue, FY14-15 beer barrelage tax collection generated approximately \$17,208,400, of which \$2,005,641 is attributable to the \$0.50 per barrel earmarked portion  $[(\$17,208,400 / \$4.29 \text{ total beer barrelage tax}) \times \$0.50 \text{ earmarked portion}]$ .
- FY14-15 gross receipts tax on bottles of soft drinks generated approximately \$13,616,900, of which \$2,866,716 is attributable to the 0.4 percent earmarked portion  $[(\$13,616,900 / 1.9\% \text{ total gross receipts tax}) \times 0.4\% \text{ earmarked portion}]$ .

**HB 1899 - SB 1938**

- The proposed legislation will prevent a recurring decrease of revenue to the Highway Fund of approximately \$4,872,357 (\$2,005,641 + \$2,866,716) from FY16-17 through FY21-22.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/bos